
**KEY ANACON MINES
LIMITED**

ANNUAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, **1975**



KEY ANACON MINES LIMITED

(Incorporated under the laws of Ontario on May 4, 1948)

DIRECTORS

| | |
|----------------------------|----------------------------|
| D. H. ALLAN | Saint John, New Brunswick |
| A. G. KIRKLAND | Saint John, New Brunswick |
| D. A. MACFARLANE | Saint John, New Brunswick |
| DR. A. L. MCALLISTER | Fredericton, New Brunswick |
| L. McC. RITCHIE | Saint John, New Brunswick |

OFFICERS

| | |
|------------------------|--------------------------------|
| L. McC. RITCHIE | <i>President</i> |
| A. G. KIRKLAND | <i>Vice-President</i> |
| D. A. MACFARLANE | <i>Secretary and Treasurer</i> |
| MRS. M. JONES | <i>Ass't.-Secretary</i> |

HEAD OFFICE

SUITE 1101, 21 KING ST. EAST Toronto, Ontario

EXECUTIVE OFFICE

GOLDEN BALL BUILDING Saint John, New Brunswick

TRANSFER AGENT AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario

AUDITORS

THORNE RIDDELL & Co. Saint John, New Brunswick

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders
will be held on Wednesday, June 9, 1976
at 2:00 o'clock in the afternoon (Toronto time)
in the New Brunswick Room,
Royal York Hotel, Toronto, Ontario

KEY ANACON MINES LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to submit herewith the financial statements of the Corporation for the year 1975 together with the auditors' report thereon to the shareholders.

Expenditures (net) totalled \$65,853 during the year, of which \$40,737 was spent on the Corporation's mining property.

There was no change during the year in the Corporation's investment in other mining companies. Your Corporation continues to hold 500,000 shares of Brunswick Mining and Smelting Corporation Limited, from which a dividend of \$50,000 (10c per share) was received in 1975. Earnings of Brunswick Mining and Smelting amounting to \$12.5 million (36.7c per share) have been announced for 1975, which is considerably less than the earnings of \$17.1 million (49.9c per share) which the company earned in 1974. It must be remembered that 1975 was a difficult year for all mining companies with metal prices and metal consumption being at relatively low levels.

The Corporation also holds 172,952 common shares of Chibex Limited and \$123,000 9% convertible debentures. These securities were recorded in the Corporation's 1974 balance sheet at a value of \$136,839. Since however that company's operations have been terminated due to uneconomic operating conditions, the value of the securities has been reduced to \$1.00 in the Corporation's accounts by a write-off of \$136,838 to the Corporation's deficit account.

During 1975, the Corporation continued its exploration program in the Bathurst area of New Brunswick. Additional geological work was done at a cost of approximately \$30,000, which significantly added to the understanding of the geological detail in the area. Further work will be carried on in the current year.

There has been no change in the Board of Directors for the current year and all Directors are standing for re-election.

On behalf of the Board,

L. McC. RITCHIE, President.

Saint John, N.B.

March 31, 1976

Thorne
Riddell
& Co.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Key Anacon Mines Limited

We have examined the balance sheet of Key Anacon Mines Limited as at December 31, 1975 and the statements of deficit, deferred development and administrative expenditure and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.,
Chartered Accountants.

Saint John, New Brunswick
February 2, 1976

KEY ANACON MINES LIMITED

BALANCE SHEET — DECEMBER 31, 1975

| | ASSETS | <u>1975</u> | <u>1974</u> |
|--|---------------------|---------------------|-------------|
| Current | | | |
| Cash | — | \$ 3,045 | |
| Marketable investments - at cost (quoted market value, 1975, \$8,700; 1974, \$8,550) | \$ 16,123 | 16,123 | |
| Account receivable | — | 1,150 | |
| Prepaid expenses | 1,003 | 946 | |
| | <u>17,126</u> | <u>21,264</u> | |
| Investments in Other Mining Companies (note 1) | | | |
| Brunswick Mining and Smelting Corporation Limited | 1,752,530 | 1,752,530 | |
| Chibex Limited | 1 | 136,839 | |
| | <u>1,752,531</u> | <u>1,889,369</u> | |
| Fixed Assets and Deferred Expenditures | | | |
| Mining properties | 66,341 | 66,341 | |
| Land, buildings, plant and equipment, at cost | 466,895 | 466,895 | |
| Deferred development and administrative expenditures (note 2) | 3,751,129 | 3,685,276 | |
| | <u>4,284,365</u> | <u>4,218,512</u> | |
| | <u>\$ 6,054,022</u> | <u>\$ 6,129,145</u> | |

LIABILITIES

| | | | |
|--|---------------|---------------|--|
| Current | | | |
| Bank overdraft | \$ 3,992 | — | |
| Accounts payable and accrued liabilities | 58,343 | \$ 21,120 | |
| | <u>62,335</u> | <u>21,120</u> | |
| Other (note 3) | | | |
| Bank loan | 675,500 | 655,000 | |

SHAREHOLDERS' EQUITY

| | | | |
|---|---------------------|---------------------|--|
| Capital Stock | | | |
| Authorized | | | |
| 10,000,000 Common shares, par value 20 cents per share | | | |
| Issued | | | |
| 8,166,157 Common shares | 1,633,231 | 1,633,231 | |
| Contributed Surplus, premium on issue of common shares | <u>4,462,308</u> | <u>4,462,308</u> | |
| | <u>6,095,539</u> | <u>6,095,539</u> | |
| Deficit | <u>779,352</u> | <u>642,514</u> | |
| | <u>5,316,187</u> | <u>5,453,025</u> | |
| | <u>\$ 6,054,022</u> | <u>\$ 6,129,145</u> | |

Approved by the Board

L. McC. RITCHIE, Director

D. A. MACFARLANE, Director

KEY ANACON MINES LIMITED YEAR ENDED DECEMBER 31, 1975

STATEMENT OF DEFICIT

| | 1975 | 1974 |
|--|-------------------|-------------------|
| Deficit at beginning of year | \$ 642,514 | \$ 799,390 |
| Gain from sale of investments previously written off | — | 289,019 |
| | <hr/> | <hr/> |
| | 642,514 | 510,371 |
| Write down of investment in Chibex debenture units (note 1) | 136,838 | 132,143 |
| | <hr/> | <hr/> |
| Deficit at End of Year | \$ 779,352 | \$ 642,514 |

STATEMENT OF DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

| | Balance at beginning of year | Additions | Balance at end of year |
|------------------------------------|---------------------------------|-----------|---------------------------|
| Development expenses | \$ 2,222,844 | \$ 40,737 | \$ 2,263,581 |
| Administrative expenses | 1,424,153 | 25,116 | 1,449,269 |
| Stores and supplies, at cost | 38,279 | — | 38,279 |
| | <hr/> | <hr/> | <hr/> |
| | \$ 3,685,276 | \$ 65,853 | \$ 3,751,129 |

STATEMENT OF CHANGES IN FINANCIAL POSITION

| | 1975 | 1974 |
|--|--------------------|---------------|
| Working Capital Derived From | | |
| Proceeds from sale of Chibex shares | \$ — | \$ 289,019 |
| Bank borrowings | \$ 20,500 | 80,000 |
| | <hr/> | <hr/> |
| | 20,500 | 369,019 |
| Working Capital Applied To | | |
| Purchase of Chibex units | — | 268,980 |
| Development and administrative expenditures | 65,853 | 51,694 |
| | <hr/> | <hr/> |
| | 65,853 | 320,674 |
| Increase (Decrease) in Working Capital Position | (45,353) | 48,345 |
| Working Capital (Deficiency) at Beginning of Year | 144 | (48,201) |
| | <hr/> | <hr/> |
| Working Capital (Deficiency) at End of Year | \$ (45,209) | \$ 144 |

NOTE — The bank loan has not been included in the calculation of working capital.

KEY ANACON MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1975

I. INVESTMENTS IN OTHER MINING COMPANIES

The Corporation's investment in Brunswick Mining and Smelting Corporation Limited consists of 500,000 common shares carried at cost, less amounts written down in prior years --- quoted market value 1975, \$1,900,000; 1974, \$1,850,000.

At December 31, 1975 and 1974, the Corporation owned 172,952 common shares and \$123,000 9% convertible debentures due June 30, 1978 of Chibex Limited. 150,009 of the common shares were in escrow. During 1975, Chibex Limited terminated its mining operations and at December 31, 1975 there was no quoted value for its securities.

Accordingly, the Corporation's investment in Chibex Limited has been written down to the value of \$1 as shown on the balance sheet.

2. DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

Development and administrative expenditures amounting to \$3,751,129 at December 31, 1975 have been deferred with the intention they be amortized by charges against income from future mining operations. Realization of this income is dependent on the known ore body, and additional reserves which may be developed in the future, becoming economic within the framework of metallurgical recoveries, metal prices and other operating costs.

3. OTHER LIABILITIES

The bank loan, payable on demand, is secured by a pledge of shares of Brunswick Mining and Smelting Corporation Limited. It is shown on these financial statements as a non-current liability as the shares pledged against it are shown as a non-current asset.



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**NORTHERN CANADA
MINES, LIMITED**

**INTERIM REPORT
TO SHAREHOLDERS**

Six months ended March 31, 1975



NORTHERN CANADA MINES, LIMITED

P. O. Box 937, Saint John, N.B. E2L 4E3

INTERIM REPORT TO SHAREHOLDERS

Six Months Ended March 31, 1975

| | 1975 | 1974 |
|--|-----------|-----------|
| STATEMENT OF EARNINGS (subject to audit) | | |
| REVENUE: | | |
| Royalties (net) | \$ 3,262 | \$ 3,262 |
| Investment income | 2,570 | 894 |
| | <hr/> | <hr/> |
| | 5,832 | 4,156 |
| | <hr/> | <hr/> |
| EXPENSES: | | |
| Office and general | 4,092 | 2,552 |
| Legal and audit | 100 | 75 |
| Directors' fees | 400 | 300 |
| | <hr/> | <hr/> |
| | 4,592 | 2,927 |
| | <hr/> | <hr/> |
| Net earnings for the period | \$ 1,240 | \$ 1,229 |
| | <hr/> | <hr/> |
| STATEMENT OF SOURCE AND USE OF FUNDS (subject to audit) | | |
| SOURCE: | | |
| From operations | \$ 2,328 | \$ 2,317 |
| | <hr/> | <hr/> |
| USE OF FUNDS: | | |
| Purchase of 2,700 shs. Cons. Rambler Mines Ltd. | 9,585 | — |
| | <hr/> | <hr/> |
| Increase (decrease) in working capital | (7,257) | 3,317 |
| Working capital — beginning of period | 68,349 | 63,599 |
| | <hr/> | <hr/> |
| Working capital — end of period | \$ 61,092 | \$ 65,916 |
| | <hr/> | <hr/> |

Since our last interim report, the annual report of Consolidated Rambler Mines Limited has been received. This showed net earnings for 1974 of \$1,405,375 (47c per share) compared with \$3,431,320 (\$1.15 per share) for the previous year. As copper prices have declined further in 1975, it is unlikely that 1975 earnings will compare favourably with the comparable period in 1974.

There have been no further changes in your company's holdings during the current quarter.

Saint John, N. B.
May 1, 1975

L. McC. Ritchie
President